



## Restaurant Marketing...

is both an art and a science that is a mystery for far too many restaurant owners. Unfortunately, many advertising sales people don't want you to know what's really working. They want you to think that the television and/or radio spots your competitor is running with them will be the answer to all of yours sales-building challenges. Not so. This brief report outlines some of the restaurant marketing techniques and principles that are working in successful restaurants around the country.

The following are the most frequently asked questions restaurant owners ask when seeking a better way to market their restaurants:

### What are the keys to successful restaurant marketing?

There are several components of successful restaurant marketing. Approaches may differ between geographical location, but some top strategic restaurant marketing issues include:

#### ◇ Branding ◇

There has been lots of hype over the last few years about branding. We're all being told we need to do more branding and a better job branding, but no one has really stopped to explain what a brand is and how you build it. A brand is a promise. It's what customers, employees (Internal Customers), vendors, the media and all other key constituents come to expect in dealing with your restaurant. Brand-building is closing the gap between what you promise and what you deliver. A strong brand is one that has alignment between the promise and execution.

#### ◇ Positioning ◇

Positioning is the place you hold in the customers or prospects mind relative to the competition (the cheaper choice, the higher quality choice, et cetera). Effective positioning involves incorporation of your Unique Selling Proposition (U.S.P.). The USP is the one thing that only you can claim. It's a point of differentiation that the competition either cannot or does not claim. An example is Burger King versus McDonald's. If Burger King can convince you that a flame-broiled burger tastes better than a fried burger, they've won the war because McDonald's will never go into all 14,000 stores and rip out fryers to install char-grilling pits.

#### ◇ Due Diligence ◇

Effective restaurant marketing must be built on a foundation of fact and knowledge about the market, your competition, your customers, your Internal Customers, financial history, marketing history, the industry, and outside forces that will impact your business. Restaurant marketing has to factor these considerations into the overall strategy. Not even your most prominent and well know restaurant chains can afford to market to everyone all the time, so effective market research and due diligence can help you be more effective in your restaurant marketing efforts.

#### ◇ Menu Mix ◇

Every six to twelve months, you'll want to conduct an analysis of your menu. This will include profitability and competitive restaurant menu analysis. To keep your menu fresh, relevant, and profitable, you'll need to know specifically how each item on your menu is performing and also how it stacks up next to your top competition



### ◇ Training ◇

Restaurant marketing, operations and training are necessarily intertwined for success. You've heard that great restaurant marketing will just kill a bad operation faster; it true. That's because if you send people into an operation that is performing at a B- level or below, people will have a bad experience and your money would be better spent on operations improvement rather than restaurant marketing. Training is a vital component of restaurant marketing for this reason. Your training will have to go beyond just employee orientation. You'll need an ongoing program that constantly improves and evolves your staff competencies and efficiency.

## There are 4 ways to increase sales for your restaurant:

Every effort you could make to build sales falls into one of just four categories. Every promotion, advertisement or offer will push one of the following four buttons:

### ◇ New Trial ◇

These are customers buying from you for the first time. They will establish their opinion of your company during their first purchase; first impressions are lasting impressions. New trial is the most expensive of the four sales-builders as acquisition costs are typically 7-10 time more costly to execute than other sales builders. However, it is impossible to increase frequency, check average or party size without customers to start with. After a customer base has been established, however, it is advisable to focus considerable efforts on the sales-builders listed below.

### ◇ Frequency ◇

Frequency is how often existing customers return. Frequency is generated by developing lasting relationships and loyalty among customers. While it is rare to disagree that frequency is important, an alarming number of businesses fail to appropriate the needed resources to developing successful programs. Consider that the average Pizza Hut loyalist purchases a pizza every 30 days. If Pizza Hut can get this group to purchase just one more pizza in those 30 days, they'd double their sales. So why do they blast the airwaves versus developing more successful frequency programs, such as bounce backs, loyalty programs and the like? Think about it.

### ◇ Check Average ◇

Check Average refers to the total purchase for each transaction. Check averages can be built, to name just a few, through price increases, suggestive selling programs and effective internal merchandizing. You will want to make sure that the increase in check average remains consistent with your overall positioning strategy.

### ◇ Party Size ◇

Party Size refers to the number of people in each party. Do customers primarily visit alone, in groups of 2, groups of 4 or more? You will want to devise programs that encourage customers to bring more of their friends with them on each visit. Examples of programs include bus drivers eat free, birthday clubs, office parties / meeting, girls night out, men's night out, team sports and on and on. Encouraging party size turns customers into advocates and enlists them as part of your sales-building team.



## How much should we spend on restaurant marketing?

There are several rules of thumb, sort of speak. With that in mind, a typical restaurant should allocate 3% - 6% of sales to restaurant marketing. It's also a good idea to allocate this money proportionally to your sales volume. Meaning, if July is your busiest month, you should spend a proportionate amount on your restaurants marketing budget in that month. Fish where the fish are biting. Some restaurant owners look at slow periods and think that's when they need to spend money to drive sales, so they spend a big chunk of cash trying to build a happy hour business and forgo building on top of their busy periods. Fact is, there is a reason people aren't coming in from 4:00 PM ~ 6:00 PM and you'll be sending valuable marketing dollars down a black hole if you try to build this period. There are nearly one million restaurants in the United States and probably only 2% of them are busy from 4:00 PM ~ 6:00 PM. Restaurant marketing can't change behavior; it can only influence existing behaviors. Spend your restaurant marketing dollar where it will have the best return for your restaurant.

## How do most restaurants market themselves?

80% - 90% of restaurant marketing budgets are spent against new trial; getting a new customer to visit for the first time. This is the least effective place to spend your money. The majority of new trial efforts are spent against mass media advertising, which is costly and has dismal return on investment. The fact is, new customer acquisition is 7-10 times more expensive than building restaurant sales through increased frequency, check average and party size. But, restaurant marketing isn't always about what's most effective, more often, it's about what everyone else is doing. Restaurant operators see that their competitor is on television or in the yellow pages or on a billboard and that they should be too. They do this without regard for what's working. Restaurant owners have to wear so many hats that sometimes they just do what's easiest, they write a check for mass media advertising and hope for the best.

## Doing a great job of restaurant marketing and what works about restaurant marketing efforts?

Successful marketing plans spend more money on training than they do on advertising. They do a great job with their employee training, internal merchandizing and their menu is very focused. They don't spend money on mass media and instead focus on a core product line and flawless execution.

## What are some examples of good restaurant marketing tactics?

Some good examples of successful restaurant marketing tactics (to name a few) are email marketing, bounce-backs, affinity marketing programs, publicity through event marketing, tours, club association, association with local businesses and, of course, internal merchandizing such as bathroom signage and menu merchandizing.



## How do I measure the effectiveness of our restaurant marketing?

If you cannot prove the dollars you spend persuade people to do business with you, you should not advertise. If you can't see a direct relationship between restaurant marketing and increased sales, your marketing isn't working.

Start by analyzing and comparing the variances, period over period, for sales and restaurant marketing expenses. Look to determine a correlation. It's amazing how frequently you will find that there is absolutely no correlation between sales and restaurant marketing. The fact your sales are going up, in some cases, may have nothing to do with your marketing and advertising strategies. A detailed analysis, period over period, is essential in determining if your advertising and marketing are well spent.

## Restaurant marketing is not easy

Effective restaurant marketing is not easy. It takes a lot of careful research, analysis and testing. It is also never ending and always evolving, which makes it even more difficult to master. Resist the temptation to change everything at once or to go it all alone. You can start small and build your marketing competencies over time. In the beginning, do simple programs so you can execute them well and measure the results. And if you're not sure if your current marketing is working, save your money until you can prove the dollars invested persuade customers to visit and buy more often.